Svendsen Sport A/S

Erhvervsparken 14, DK-4621 Gadstrup

Annual Report for 1 January - 31 December 2018

CVR No 16 99 75 79

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 4 /6 2019

Søren Holm Tøth
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Svendsen Sport A/S for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2018.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Gadstrup, 4 June 2019

Executive Board

Hans Maasbøl
Executive Officer

Board of Directors

Mikkel Vendelin Olesen Chairman	Mads Peter Hytteballe Andersen	Søren Peschardt Olesen
Lars Erik Svendsen	Jens Høgsted	

Independent Auditor's Report

To the Shareholder of Svendsen Sport A/S

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Svendsen Sport A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 4 June 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob Fromm Christiansen	Søren Alexander
statsautoriseret revisor	statsautoriseret revisor
mne18628	mne42824

Company Information

The Company	Svendsen Sport A/S Erhvervsparken 14 DK-4621 Gadstrup CVR No: 16 99 75 79 Financial period: 1 January - 31 December Municipality of reg. office: Gadstrup
Board of Directors	Mikkel Vendelin Olesen, Chairman Mads Peter Hytteballe Andersen Søren Peschardt Olesen Lars Erik Svendsen Jens Høgsted
Executive Board	Hans Maasbøl
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup
Bankers	Jyske Bank A/S AL Finans A/S Banque Populaire Val de France

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2018	2017	2016	2015	2014
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	416,071	405,892	367,659	249,832	218,408
Gross profit/loss	133,406	120,444	111,844	92,449	82,961
Profit/loss before interest, tax, depreciation and amortisation (EBITDA)	52,437	46,383	37,563	46,996	41,384
Profit/loss before financial income and expenses	47,322	41,498	32,969	45,186	39,728
Net financials	-5,614	-3,549	-1,578	5,889	-880
Net profit/loss for the year	32,606	29,488	24,208	39,150	29,215
Balance sheet					
Investments in property, plant and equipment	4,052	2,840	7,597	1,821	1,126
Balance sheet total	254,886	256,104	260,209	156,029	132,577
Equity	84,552	101,891	96,048	72,670	67,018
Number of employees	166	158	159	79	77
Ratios					
Gross margin	32.1%	29.7%	30.4%	37.0%	38.0%
Profit margin	11.4%	10.2%	9.0%	18.1%	18.2%
Return on assets	18.6%	16.2%	12.7%	29.0%	30.0%
Solvency ratio	33.2%	39.8%	36.9%	46.6%	50.6%
Return on equity	35.0%	29.8%	28.7%	56.1%	54.1%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

The company has taken over the activities of a sister company as of January 1, 2016. The key figures and financial ratios from 2016 onwards are therefore not comparable with the previous years. There has been no adjustment of comparative figures since the acquisition has been completed following the purchase method.

Management's Review

Consolidated and Parent Company Financial Statements of Svendsen Sport A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

Key activities

The Group's activities are development and sale of branded angling equipment and related products.

The Group's products are sold directly by own sales forces in most of the largest European fishing markets as well in North America. In rest of the world products are sold selectively through agents/distributors. The Company has own inhouse product development and sales and marketing. Products are manufactured by 3rd parties.

Market overview

The Company products are sold worldwide and cover most of the major fishing disciplines.

Development in the year

The income statement of the Group for 2018 shows a profit of TDKK 32,606, and at 31 December 2018 the balance sheet of the Group shows equity of TDKK 84,552.

Strategy

The Company aims to develop and sell innovative and branded angling equipment and accessories.

Targets and expectations for the year ahead

The company expects continued top line growth in 2019, as well as a slightly better result after taxes in 2019

Special risks - operating risks and financial risks

Foreign exchange risks

The Company has a high international activity and is therefore exposed and vulnerable for greater fair value adjustments on US dollars and euros. To hedge the exchange risk, the company has signed financial contracts with the company's bank on US dollars.

The company is not affected by other unusual risks.

Management's Review

Research and development

The Company's development activities include functional development and design of equipment for angling, including lures, rods, reels as well as clothing and other accessories. Development costs are expensed in the income statement as incurred.

External environment

As we are a global organization we are aware of our external business environment. The Company manages its risks from the external environment by having a diversified approach to suppliers, customers, markets and fishing disciplines.

Intellectual capital resources

The Company possesses extensive knowledge on product development. Retention and development of competencies in the development department is of major importance for continued growth and earnings.

Statement of corporate social responsibility

Human rights and social & employee conditions

Respect for human rights is fundamental. This goes for the employees of Svendsen Sport as well as the communities Svendsen Sport lives and operates in. The CSR policy is described in the employee handbook which is given to new employees upon employment.

- Svendsen Sport supports and respects the protection of internationally proclaimed human rights,
- Svendsen Sport will ensure that we are not complicit in human rights abuse in any of our operations,
- Svendsen Sport will uphold the freedom of association and the effective recognition of the rights to collective bargaining,
- Svendsen Sport will not use any form of forced or compulsory labor,
- Svendsen Sport will support the elimination of direct and indirect discrimination in respect of employment and occupation, including race, color, sex, religion, political opinion and nationality or social origin,
- Svendsen Sport will continuously develop employees' competencies and flexibility and will provide safe and healthy working conditions.

Svendsen Sports offers their employees an opportunity for further training by offering courses to help develop their competencies.

Svendsen Sport main risk for Social and employee conditions lies within maintaining that employees have the proper skills to maintain their job and create value for the company.

Management’s Review

Environment

Svendsen Sport will continuously improve processes to minimize the environmental impact of the operation. The main environmental impact is in the distribution of products, and the indirect impact from the 3rd party manufacturing of products.

Svendsen Sport has not been able to measure the direct impact of the environmental plans in 2018, nor will the company be able to measure the direct impact in 2019.

Anticorruption

All Svendsen Sport employees are informed, when employed, that conduct of unethical, dishonest behavior and bribery is not tolerated.

- Svendsen Sport will conduct its business with high ethical standards, honesty and respect for other,
- Svendsen Sport will be compliant with the laws and regulations in the countries where we are present,
- Neither Svendsen Sport nor its employees will offer, promise, give and/or accept a bribe for business purposes,
- Neither Svendsen Sport nor the employees will be involved in non-competition activities i.e. illegal price fixing, sharing of customers and markets.

Svendsen Sports' risks related to anti-corruption and bribery is mainly present within our own operation and with our collaboration partners.

Svendsen Sport has not discovered any breach of anti-corruption or bribery in 2018.

Statement on gender composition

Svendsen Sport believes that diversity among employees contributes positively to the working environment and strengthens the company's performance and competitiveness. The company’s policy is to always provide equal job opportunities regardless of gender. The company’s target figure for the proportion of underrepresented gender among members of the Management is 20% in 2021.

The proportion of underrepresented gender among the Management was 25% in 2018.

According to legislation on the gender quotation on the board of directors in Danish enterprises, the Company has selected a target for the underrepresented gender among member of the Board of 20%. The proportion of the underrepresented gender among the board was 0% in 2018. Svendsen Sport will work focused towards identifying the possibility of fulfilling the policy and target before the general assembly in 2021.

Management's Review

Development in the number of employees

The company had 168 employees at the beginning of the year split by 38 employees in Denmark and 130 in rest of the world.

In the year there has been a net outflow of 16 employees split by 5 in Denmark and 11 in rest of the world.

The company has at year-end 166 employees split by 36 in Denmark and 130 in rest of the world.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2018 of the Group and the results of the activities and cash flows of the Group for the financial year for 2018 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Statutory report on corporate governance

The Company has since the beginning of November 2015 been owned by a private equity fund, which is a member of DVCA. As a private equity portfolio company, Svendsen Sport A/S generally follows DVCA's recommendations, except that the company based on its size, has not established an audit committee. These tasks are handled by the Board. Refer to www.DVCA.dk for more information about the guidelines.

Presentation of the Board of Directors

Maj Invest Equity 4 K/S is represented on the board by Mads Peter Hytteballe Andersen, Søren Peschardt Olesen and Jens Høgsted. In addition, Lars Erik Svendsen and Mikkel Vendelin Olesen are represented in the Board of Directors. Board positions and other managerial positions are set out below.

Mikkel Vendelin Olesen

Mikkel Vendelin Olesen, Chairman, has joined the Board on 29/11 2007 and joined as Chairman on the 15/3 2013.

He holds the following other directorships:

Chairman of Orphism ApS, Fleye ApS, Nordisk Company A/S, Karmameju ApS, MIE4 7 Datter ApS, Svendsen Sport A/S, Outfit International A/S

Board member of Drømmeland A/S, BBHS A/S, K.A. Invest Holding A/S.

Director of Vendelin & Vendelin ApS, Vendelin Ejendomme ApS, Vendelin Olesen Holding ApS, Nordisk Finance ApS.

Mads Peter Hytteballe Andersen

Mads Peter Hytteballe Andersen has joined as board member on 3/11 2015.

He holds the following other directorships:

Chairman of Unwire Holding ApS

Vice chairman of MIE4 7 Datter ApS, Sovino Brands ApS, Sovino Brands Holding ApS, Itadel A/S

Board member of R2 Group Invest A/S, Icotera A/S, Icotera IPR P/S, Svendsen Sport A/S

Director of Equity Datterholding 15 (FM) ApS, Unwire Holding ApS, LDE Holding 13 ApS, LDETRE Holding 11 ApS, LDETRE Datterholding 3 ApS, LDETRE Holding 3 ApS, R2 Group Invest A/S, Komplementarselskabet Icotera IPR ApS, Mie4 Holding 7 ApS, MIE5 Holding 1 ApS, MIE5 Holding 2 ApS, MIE5 Holding 4 ApS, MIE5 Holding 8 ApS, MIE5 Datterholding 8 ApS.

CEO of MPHA Invest ApS.

Søren Peschardt Olesen

Søren Peschardt Olesen has joined as board member 8/3 2012.

He holds the following other directorships:

Chairman of Stark Danmark A/S

Board member of Svendsen Sport A/S, Hobro Ny Trælast A/S, Hempel A/S, Stark Kalaallit Nunaat A/S, Mie4 7 Datter ApS

Director of LSF10 Wolverine Bidco ApS, SPO Invest Holding ApS

CEO of Stark Group A/S, Hobro Ny Trælast A/S.

Management's Review

Lars Erik Svendsen

Lars Erik Svendsen has joined the board since the founding on 18/5 1993.

He holds the following other directorships:

Board member of MIE4 7 Datter ApS, WIIK & Co. A/S, Langø A/S, Svendsen Sport A/S

Director of Lars Svendsen Holding ApS, Langø A/S and LSH PE ApS.

Jens Høgsted

Jens Høgsted has joined the board on 13/5 2016.

He holds the following other directorships:

Board member of Ball Holding ApS, Ball Invest ApS, Ball ApS, MIE4 7 Datter ApS, Svendsen Sport Danmark A/S, Imerco A/S, Imerco Holding A/S.

Director of Høgsted Holding ApS.

Income Statement 1 January - 31 December

	Note	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
		TDKK	TDKK	TDKK	TDKK
Revenue	1	**416,071**	**405,892**	**414,859**	**405,892**
Other operating income		7	0	7	0
Expenses for raw materials and consumables		-224,398	-230,319	-223,468	-230,319
Other external expenses		-58,274	-55,129	-55,893	-55,129
Gross profit/loss		**133,406**	**120,444**	**135,505**	**120,444**
Staff expenses	2	-80,969	-74,061	-79,276	-74,061
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**52,437**	**46,383**	**56,229**	**46,383**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-5,115	-4,885	-5,100	-4,885
Profit/loss before financial income and expenses		**47,322**	**41,498**	**51,129**	**41,498**
Financial income	3	399	1,888	399	1,888
Financial expenses	4	-6,013	-5,437	-6,012	-5,437
Profit/loss before tax		**41,708**	**37,949**	**45,516**	**37,949**
Tax on profit/loss for the year	5	-9,102	-8,461	-10,148	-8,461
Net profit/loss for the year		**32,606**	**29,488**	**35,368**	**29,488**

Balance Sheet 31 December

Assets

	Note	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
		TDKK	TDKK	TDKK	TDKK
Completed development projects		2,909	2,905	2,546	2,905
Acquired patents		1,623	1,680	1,623	1,680
Goodwill		4,820	5,509	4,820	5,509
Intangible assets	6	**9,352**	**10,094**	**8,989**	**10,094**
Other fixtures and fittings, tools and equipment		7,111	7,232	6,900	7,232
Leasehold improvements		1,533	587	1,533	587
Property, plant and equipment	7	**8,644**	**7,819**	**8,433**	**7,819**
Investments in subsidiaries	8	0	0	1	0
Deposits	9	572	516	520	516
Fixed asset investments		**572**	**516**	**521**	**516**
Fixed assets		**18,568**	**18,429**	**17,943**	**18,429**
Inventories		**143,429**	**140,782**	**140,580**	**140,782**
	10				
Trade receivables		89,076	70,760	87,875	70,760
Receivables from group enterprises		0	20,566	3,765	20,566
Other receivables		516	1,443	516	1,443
Deferred tax asset	11	1,037	0	0	0
Prepayments	12	1,623	2,083	1,328	2,083
Receivables		**92,252**	**94,852**	**93,484**	**94,852**
Current asset investments		**92**	**114**	**92**	**114**
Cash at bank and in hand		**545**	**1,927**	**215**	**1,927**
Currents assets		**236,318**	**237,675**	**234,371**	**237,675**
Assets		**254,886**	**256,104**	**252,314**	**256,104**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
		TDKK	TDKK	TDKK	TDKK
Share capital		1,000	1,000	1,000	1,000
Revaluation reserve		0	-5,046	0	-5,046
Retained earnings		83,552	105,937	86,290	105,937
Equity	13	**84,552**	**101,891**	**87,290**	**101,891**
Provision for deferred tax	11	744	854	744	854
Provisions		**744**	**854**	**744**	**854**
Credit institutions		67,334	50,743	67,334	50,743
Trade payables		55,530	55,735	50,739	55,735
Payables to group enterprises		23,825	22,078	23,825	22,078
Corporation tax		11,267	6,076	11,267	6,076
Other payables	15	11,634	18,727	11,115	18,727
Short-term debt		**169,590**	**153,359**	**164,280**	**153,359**
Debt		**169,590**	**153,359**	**164,280**	**153,359**
Liabilities and equity		**254,886**	**256,104**	**252,314**	**256,104**

Distribution of profit	14
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Statement of Changes in Equity

Group

	Share capital	Revaluation reserve	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1,000	-5,046	105,937	101,891
Exchange adjustments	0	0	24	24
Extraordinary dividend paid	0	0	-54,000	-54,000
Dissolution of previous years' revaluation	0	5,046	-5,046	0
Fair value adjustment of hedging instruments, end of year	0	0	5,168	5,168
Tax on adjustment of hedging instruments for the year	0	0	-1,137	-1,137
Net profit/loss for the year	0	0	32,606	32,606
Equity at 31 December	**1,000**	**0**	**83,552**	**84,552**

Parent Company

	Share capital	Revaluation reserve	Retained earnings	Total
Equity at 1 January	1,000	-5,046	105,937	101,891
Extraordinary dividend paid	0	0	-54,000	-54,000
Dissolution of previous years' revaluation	0	5,046	-5,046	0
Fair value adjustment of hedging instruments, end of year	0	0	5,168	5,168
Tax on adjustment of hedging instruments for the year	0	0	-1,137	-1,137
Net profit/loss for the year	0	0	35,368	35,368
Equity at 31 December	**1,000**	**0**	**86,290**	**87,290**

Cash Flow Statement 1 January - 31 December

	Note	Group 2018	Group 2017
		TDKK	TDKK
Net profit/loss for the year		32,606	29,488
Adjustments	16	19,823	16,896
Change in working capital	17	-1,140	15,798
Cash flows from operating activities before financial income and expenses		**51,289**	**62,182**
Financial income		426	3,349
Financial expenses		-6,015	-6,896
Cash flows from ordinary activities		**45,700**	**58,635**
Corporation tax paid		-6,196	-7,370
Cash flows from operating activities		**39,504**	**51,265**
Purchase of intangible assets		-1,145	-887
Purchase of property, plant and equipment		-4,046	-2,840
Fixed asset investments made etc		-56	-208
Cash flows from investing activities		**-5,247**	**-3,935**
Repayment of loans from credit institutions		16,593	0
Repayment of payables to group enterprises		1,746	0
Dividend paid		-54,000	-15,000
Cash flows from financing activities		**-35,661**	**-15,000**
Change in cash and cash equivalents		**-1,404**	**32,330**
Cash and cash equivalents at 1 January		2,041	-30,289
Cash and cash equivalents at 31 December		**637**	**2,041**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		545	1,927
Current asset investments		92	114
Cash and cash equivalents at 31 December		**637**	**2,041**

Notes to the Financial Statements

	Group		Parent Company	
	2018	2017	2018	2017
	TDKK	TDKK	TDKK	TDKK
1 Revenue				
Geographical segments				
Domestic	23,878	27,138	23,878	27,138
EU excl. Domestic	337,955	319,376	337,955	319,376
Rest of the world	54,238	59,378	53,026	59,378
	416,071	**405,892**	**414,859**	**405,892**

	Group		Parent Company	
	2018	2017	2018	2017
	TDKK	TDKK	TDKK	TDKK
2 Staff expenses				
Wages and salaries	69,658	63,736	68,284	63,736
Pensions	1,639	1,512	1,639	1,512
Other social security expenses	8,274	7,715	8,147	7,715
Other staff expenses	1,398	1,098	1,206	1,098
	80,969	**74,061**	**79,276**	**74,061**
Average number of employees	**166**	**158**	**166**	**158**

According to section 98B, paragraph 3 of the Danish Financial Statements Act, renumeration to the Executive Board hasnot been disclosed.

	Group		Parent Company	
	2018	2017	2018	2017
	TDKK	TDKK	TDKK	TDKK
3 Financial income				
Interest received from group enterprises	239	374	239	374
Other financial income	160	52	160	52
Exchange adjustments	0	1,462	0	1,462
	399	**1,888**	**399**	**1,888**

Notes to the Financial Statements

	Group		Parent Company	
	2018	2017	2018	2017
	TDKK	TDKK	TDKK	TDKK
4 Financial expenses				
Interest paid to group enterprises	0	561	0	561
Other financial expenses	5,469	4,876	5,468	4,876
Exchange loss	544	0	544	0
	6,013	**5,437**	**6,012**	**5,437**
5 Tax on profit/loss for the year				
Current tax for the year	11,395	6,076	11,395	6,076
Deferred tax for the year	-1,156	-54	-110	-54
	10,239	**6,022**	**11,285**	**6,022**
which breaks down as follows:				
Tax on profit/loss for the year	9,102	8,461	10,148	8,461
Tax on changes in equity	1,137	-2,439	1,137	-2,439
	10,239	**6,022**	**11,285**	**6,022**

Notes to the Financial Statements

6 Intangible assets

Group

	Completed development projects	Acquired patents	Goodwill	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	9,898	2,779	9,183	21,860
Additions for the year	965	181	0	1,146
Cost at 31 December	10,863	2,960	9,183	23,006
Impairment losses and amortisation at 1 January	6,993	1,099	3,674	11,766
Amortisation for the year	961	238	689	1,888
Impairment losses and amortisation at 31 December	7,954	1,337	4,363	13,654
Carrying amount at 31 December	**2,909**	**1,623**	**4,820**	**9,352**

The Company's development expenses relates to capitalisation of costs in respect of filing for trademarks and patents and development of the Company's ERP system in connection with the Group's entrance on the US market.

Parent Company

	Completed development projects	Acquired patents	Goodwill
	TDKK	TDKK	TDKK
Cost at 1 January	9,898	2,779	9,183
Additions for the year	597	181	0
Cost at 31 December	10,495	2,960	9,183
Impairment losses and amortisation at 1 January	6,993	1,099	3,674
Amortisation for the year	956	238	689
Impairment losses and amortisation at 31 December	7,949	1,337	4,363
Carrying amount at 31 December	**2,546**	**1,623**	**4,820**

Notes to the Financial Statements

7 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TDKK	TDKK	TDKK
Cost at 1 January	19,584	1,180	20,764
Additions for the year	3,004	1,048	4,052
Disposals for the year	-2,219	0	-2,219
Cost at 31 December	20,369	2,228	22,597
Impairment losses and depreciation at 1 January	12,352	593	12,945
Depreciation for the year	3,125	102	3,227
Reversal of impairment and depreciation of sold assets	-2,219	0	-2,219
Impairment losses and depreciation at 31 December	13,258	695	13,953
Carrying amount at 31 December	**7,111**	**1,533**	**8,644**

Parent Company

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TDKK	TDKK	TDKK
Cost at 1 January	19,584	1,180	20,764
Additions for the year	2,783	1,048	3,831
Disposals for the year	-2,219	0	-2,219
Kostpris at 31 December	20,148	2,228	22,376
Impairment losses and depreciation at 1 January	12,352	593	12,945
Depreciation for the year	3,115	102	3,217
Reversal of impairment and depreciation of sold assets	-2,219	0	-2,219
Impairment losses and depreciation at 31 December	13,248	695	13,943
Carrying amount at 31 December	**6,900**	**1,533**	**8,433**

Notes to the Financial Statements

	Parent Company	
	2018	2017
	TDKK	TDKK
8 Investments in subsidiaries		
Cost at 1 January	0	0
Additions for the year	1	0
Carrying amount at 31 December	**1**	**0**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Savage Gear Americas, Inc.	Miramar, Florida, USA	USD 1	100%

9 Other fixed asset investments

	Group	Parent Company
	Deposits	Deposits
	TDKK	TDKK
Cost at 1 January	520	520
Additions for the year	52	0
Cost at 31 December	572	520
Carrying amount at 31 December	**572**	**520**

	Group		Parent Company	
	2018	2017	2018	2017
	TDKK	TDKK	TDKK	TDKK
10 Inventories				
Finished goods and goods for resale	143,429	132,560	140,580	132,560
Prepayments for goods	0	8,222	0	8,222
	143,429	**140,782**	**140,580**	**140,782**

11 Deferred tax asset

	Group		Parent Company	
	2018	2017	2018	2017
	TDKK	TDKK	TDKK	TDKK
Deferred tax asset at 1 January	-854	0	-854	0
Amounts recognised in the income statement for the year	1,156	54	110	54
Amounts recognised in equity for the year	-9	-908	0	-908
Deferred tax asset at 31 December	**293**	**-854**	**-744**	**-854**
Intangible assets	1,107	1,132	1,107	1,132
Property, plant and equipment	-363	-278	-363	-278
Tax loss carry-forward	-1,037	0	0	0
Transferred to deferred tax asset	1,037	0	0	0
	744	**854**	**744**	**854**
Deferred tax asset				

The deferred tax asset relates to losses in subsidiaries.

Calculated tax asset	1,037	0	0	0
Carrying amount	**1,037**	**0**	**0**	**0**

The recognised tax asset comprises tax loss carry-forwards in respect of losses incurred in USA and expected to be utilised within the next three to four years. In connection with the assessment of the utilisation of the tax asset, special emphasis has been placed on the Company being able to achieve it's goals on the new US market and thereby gaining a solid and profitable foothold.

Notes to the Financial Statements

12 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums and subscriptions and licenses etc.

13 Equity

The share capital consists of 2 shares of a nominal value of TDKK 500. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

14 Distribution of profit

	Parent Company	
	2018	2017
	TDKK	TDKK
Extraordinary dividend paid	54,000	15,000
Retained earnings	-18,632	14,488
	35,368	**29,488**

15 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	Group		Parent Company	
	2018	2017	2018	2017
	TDKK	TDKK	TDKK	TDKK
Liabilities	1,103	6,271	1,103	6,271

The company has entered into forward exchange contracts for hedging future purchases in USD for a total of TDKK 52,615 for payment in EUR. In relation to the forward rates at the balance sheet date, the contracts have a negative value of TDKK 1,103. Value adjustments are recognized in equity.

Notes to the Financial Statements

16 Cash flow statement - adjustments

	Group 2018	Group 2017
	TDKK	TDKK
Financial income	-399	-1,888
Financial expenses	6,013	5,437
Depreciation, amortisation and impairment losses, including losses and gains on sales	5,107	4,886
Tax on profit/loss for the year	9,102	8,461
	19,823	**16,896**

17 Cash flow statement - change in working capital

	Group 2018	Group 2017
	TDKK	TDKK
Change in inventories	-2,646	7,308
Change in receivables	3,639	-2,507
Change in trade payables, etc	-7,301	22,082
Fair value adjustments of hedging instruments	5,168	-11,085
	-1,140	**15,798**

	Group		Parent Company	
	2018	2017	2018	2017
	TDKK	TDKK	TDKK	TDKK

18 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:
The factoring of receivables, TDKK 61,544, has been put up as security for the company's debt.

As security for the Company's credit facilities with Jyske Bank a floating company charge ("virksomhedspant") of up to nominal TDKK 60,000 has been put up. The floating charge covers the Company assets in general including inventories, trade receivables, tangible assets and intangible assets.

The Company has issued guarantees for TDKK 1,717 against third parties at 31 December 2018.

Rental and lease obligations

	Group 2018 TDKK	Group 2017 TDKK	Parent Company 2018 TDKK	Parent Company 2017 TDKK
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	6,250	6,250	5,737	6,250
Between 1 and 5 years	20,530	25,436	19,842	25,436
After 5 years	0	1,344	0	1,344
	26,780	**33,030**	**25,579**	**33,030**

19 Related parties

	Basis
Controlling interest	
MIE 4 Datter 7 A/S	Parent Company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Notes to the Financial Statements

19 Related parties (continued)

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

MIE4 7 Datter ApS has a controlling interest in the company.

MIE4 Holding 7 ApS has a controlling interest in the company.

Maj Invest Equity 4 K/S has a controlling interest in the company.

Consolidated Financial Statements

The Company is included in the consolidation of the parent companies

Name	Place of registered office
MIE4 Holding 7 ApS	Copenhagen, Denmark
MIE4 7 Datter ApS	Gadstrup, Denmark

The Group Annual Report of MIE4 7 Datter ApS may be obtained at the following address:

Erhversparken 14
DK-4621 Gadstrup

20 Fee to auditors appointed at the general meeting

With reference to the Danish Financial Statements Act section 96 (3), Fee to auditors appointed at the general meeting has not been disclosed.

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of Svendsen Sport A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2018 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Svendsen Sport A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

21 Accounting Policies (continued)

Business combinations

According to section 96, paragraph 3 of the Danish Financial Statements Act, fee to auditors appointed at the general meeting has not been disclosed.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement

Notes to the Financial Statements

21 Accounting Policies (continued)

unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Revenue

Information on business segments and geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service com-

Notes to the Financial Statements

21 Accounting Policies (continued)

pleted for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

21 Accounting Policies (continued)

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	2-5	years
Leasehold improvements	2-5	years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

21 Accounting Policies (continued)

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of deposits, which are measured at cost. Where cost exeeds the recoverable amount, write-down is made to this lower value.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Notes to the Financial Statements

21 Accounting Policies (continued)

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

21 Accounting Policies (continued)

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\dfrac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\dfrac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\dfrac{\text{Profit before financials x 100}}{\text{Total assets}}$

Notes to the Financial Statements

21 Accounting Policies (continued)

Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$